
HOUSE BILL No. 1531

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5-6-9.

Synopsis: Related corporations sales tax deduction. Allows a deduction from sales taxes due for receivables of an entity that is a member of the same brother-sister controlled group as the retail merchant.

Effective: January 1, 2001 (retroactive).

Buell

January 11, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1531

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-2.5-6-9 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]:
3 Sec. 9. (a) In determining the amount of state gross retail and use taxes
4 which ~~he a retail merchant~~ must remit under section 7 of this chapter,
5 ~~a the~~ retail merchant shall deduct, from ~~his the merchant's~~ gross retail
6 income from retail transactions made during a particular reporting
7 period, an amount equal to ~~his~~ receivables ~~which of the retail~~
8 **merchant or a related entity that:**
9 (1) resulted from retail transactions in which the retail merchant
10 did not collect the state gross retail or use tax from the purchaser;
11 (2) resulted from retail transactions on which the retail merchant
12 has previously paid the state gross retail or use tax liability to the
13 department; and
14 (3) were written off as an uncollectible debt for federal tax
15 purposes during the particular reporting period **by the retail**
16 **merchant or a related entity.**
17 (b) If a retail merchant deducts a receivable under subsection (a)



1 and **the retail merchant or a related entity** subsequently collects that
2 receivable, then the retail merchant shall include the amount collected
3 as part of ~~his~~ **the retail merchant's** gross retail income from retail
4 transactions for the particular reporting period in which ~~he~~ **the retail**
5 **merchant or a related entity** makes the collection.

6 (c) For purposes of this section, a corporation is a related entity
7 to a retail merchant only if the corporation and the retail merchant
8 are members of the same brother-sister controlled group of
9 corporations within the meaning of Section 1563(a)(2) of the
10 Internal Revenue Code except, for purposes of determining
11 whether a person is a related entity under this section, more than
12 fifty percent (50%) shall be substituted for at least eighty percent
13 (80%) wherever at least eighty percent (80%) appears in Section
14 1563(a)(2) of the Internal Revenue Code.

15 SECTION 2. An emergency is declared for this act.

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